

A Consumer's Guide to the Arkansas Lemon Law

*The Arkansas New Motor Vehicle
Quality Assurance Act*



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This guide represents the Consumer Protection Division's interpretation of the Arkansas New Motor Vehicle Quality Assurance Act (Act 297 of 1993). This guide is just that, a guide. Ultimately, it is the Courts which interpret the law. If you have a question or are uncertain about a particular aspect of the Lemon Law Guide, contact the Office of the Attorney General.

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Which Vehicles Are Covered Under the Lemon Law?

All motor vehicles (except those excluded from coverage as noted in the “IMPORTANT” section below) titled and registered in Arkansas are covered by the Lemon Law during the vehicle’s Quality Assurance Period.

The Quality Assurance Period extends for twenty-four (24) months from the date of the original delivery of the vehicle, OR the first twenty-four thousand (24,000) miles of operation, whichever is LONGER.

If the vehicle is transferred to someone else during this period, the vehicle is still covered under the Lemon Law for the full extent of the Quality Assurance Period.

IMPORTANT: The Lemon Law does **NOT** cover mopeds, motorcycles or the living quarters of motor homes. The Lemon Law does **NOT** cover vehicles over 13,000 pounds gross vehicle weight rating. However, motor homes over 13,000 pounds gross vehicle weight rating are covered. For motor vehicles with a gross vehicle weight rating between 10,000 pounds and 13,000 pounds, the Lemon Law does not cover such a vehicle if it has been substantially altered after its initial sale from the dealer.

Is Your Vehicle a Lemon?

The law creates what is known in legal terminology as a presumption; the Lemon Law presumes that you are entitled to a refund or replacement if the manufacturer or its dealer has made a certain number of unsuccessful attempts to repair nonconformities that **substantially impair** the use, market value, or safety of your vehicle.

There are four ways for you to show that the manufacturer has been given a reasonable opportunity to repair the nonconformities, has failed to do so, and for the Lemon Law to presume that your vehicle is a lemon.

1. There have been three (3) unsuccessful repair attempts to repair the same nonconformity, **AND** the owner has provided the manufacturer with a final opportunity to cure the non-conformity, **AND** the manufacturer either fails to cure the nonconformity or the repair attempt is unsuccessful; **OR**
2. If the nonconformity is one that is likely to cause death or serious bodily injury, there has been one (1) unsuccessful repair attempt, **AND** the owner has provided the manufacturer with a final opportunity to cure the nonconformity, **AND** the manufacturer either fails to cure the nonconformity or the repair attempt is unsuccessful; **OR**

3. The vehicle is out of service by reason of repair, or attempt to repair, any nonconformity (or nonconformities) for a cumulative total of at least thirty (30) calendar days; **OR**

4. There have been five (5) or more attempts to repair any non-conformities which together substantially impair the use and value of the motor vehicle to the owner.

However, there are exceptions (or in legal terminology, the presumption is rebuttable). The vehicle will not be a lemon if the manufacturer can show:

1. That the nonconformity does not substantially impair the use, value, or safety of the vehicle; **OR**

2. The nonconformity is the result of an accident, abuse, neglect, or unauthorized modification or alteration of the vehicle by persons other than the manufacturer, its agent, or authorized dealer.

Getting Your Vehicle Repaired

It is important that you report any nonconformity directly to the manufacturer or to the dealer **immediately**. It is also important that you keep all repair receipts and a complete record of all contacts with the manufacturer and dealer.

You have the right to receive a dated, detailed statement each time the vehicle is returned for repair. This statement should include any charges for parts and labor, a general description of the problem, the odometer reading at the time you brought the vehicle in for repair, the odometer reading at the time the car was picked up and a list of all work performed. It should also state the date the vehicle was brought in for repair and the date you picked up the vehicle. Be sure you are given these statements (it's the law) and that you keep them in a file. A chart is provided later in this booklet for your convenience.

Who Pays?

Most manufacturers' warranties on vehicles cover repairs for at least the first year following the original delivery date or the first 12,000 miles, whichever comes first. If repairs are needed **after** your warranty has ended, you must pay for the repairs. Check your warranty booklet to find out the details of your particular coverage. If you are leasing a vehicle, check your leasing contract to find out who is responsible for repair bills.

Repair costs to correct defects that occurred while under the warranty coverage should be covered by your warranty, or if later proven to be a "lemon" under the Lemon Law, you may be entitled to be reimbursed for these repair costs. For this reason, remember to keep your receipts.

Final Repair Attempt

If you intend to rely upon either of the first two lemon law presumptions listed above (three unsuccessful repair attempts or one unsuccessful repair attempt for a nonconformity which is likely to result in death or serious injury), you must give the manufacturer one final chance to repair the nonconformity before you can claim that the vehicle is a lemon.

You must send a letter to the manufacturer (**not the dealer**) by certified mail or registered mail, giving the manufacturer one last chance to repair the defect. A sample final repair attempt letter is provided on page 19 of this guide. For your convenience, contact information for major manufacturers is on pages 10 through 12. Be sure to consult your owner's manual or the manufacturer's website for the most up-to-date contact information.

Keep a photocopy of the letter for your records and your certified or registered mail receipt as **proof** that the letter was received by the manufacturer.

After receiving your letter, the manufacturer has ten (10) calendar days to schedule a final repair attempt. If the manufacturer does not timely schedule this final attempt to repair, the manufacturer cannot later assert that it did not have a reasonable opportunity to repair your vehicle. If the manufacturer fails to schedule the final repair attempt in a timely fashion, or if the final repair attempt is unsuccessful, you can demand a replacement of or refund for your vehicle through the independent dispute settlement program. (IDSP)

You may make this demand directly to the manufacturer and by filing a claim with the manufacturer's informal dispute settlement program. **You should keep a copy of your demand letter and certified or registered receipt.** Be sure to consult your owner's manual or the manufacturer's website for the most up-to-date contact information. The two major independent dispute settlement programs as of November 1, 2009, are listed below.

Manufacturer

American Honda/Acura Mtr.
1919 Torrance Blvd.
Attn.: Mediation Group
Mail Stop 500 2N 7F
Torrance, CA 90501-2746

BMW of North America, LLC
300 Chestnut Ridge Rd.
Woodcliff, NJ 07677-7731

Chrysler, LLC
Customer Center
P.O. Box 21-8004
Auburn Hills, MI 48321-8004
1-800-992-1997

Ford Motor Co.
16800 Executive Plaza Rd.
MD4
South Dearborn, MI 48126
1-800-392-3673

General Mtrs. Corp.—Buick Div.
P.O. Box 33136
Detroit, MI 48232
800-392-3673

General Motors – Cadillac Div.
P.O. Box 33169
Detroit, MI 48232-5169
1-800-231-1841

General Motors – Chevrolet Div.
P.O. Box 33170
Detroit, MI 48232-5170
1-800-231-1841

IDSP

Council of Better Business Auto Line
4200 Wilson Blvd. Suite 800
Arlington, VA 22203
1-800-955-5100

Council of Better Business Auto Line
4200 Wilson Blvd, Suite 800
Arlington, VA 22203
1-800-955-5100

NCDS
43230 Garfield, Suite 130
Clinton Township, MI 48038
1-800-936-4303

Council of Better Business Auto Line
4200 Wilson Blvd, Suite 800
Arlington, VA 22203
1-800-955-5100

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4200 Wilson Blvd, Suite 800
Arlington, VA 22203
1-800-955-5100

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Arlington, VA 22203
1-800-955-5100

Council of Better Business Auto Line
4200 Wilson Blvd, Suite 800
Arlington, VA 22203
1-800-955-5100

Manufacturer

General Motors – Hummer Div.
P.O. Box 33177
Detroit, MI 48232-5177
1-800-231-1841

General Motors – Olds. Div.
P.O. Box 33172
Detroit, MI 48232-5172
1-800-231-1841

General Motors – Pontiac Div.
P.O. Box 33172
Detroit, MI 48232-5172
1-800-231-1841

General Motors – Saab Div.
P.O. Box 33166
Detroit, MI 48232-5166
1-800-231-1841

General Motors – Saturn Div.
P.O. Box 33173
Detroit, MI 48232-5173
1-800-231-1841

Hyundai Motor Corp.
1421 S. Beltline Rd., #400
Coppell, TX 75019

Infiniti Consumer Affairs
P.O. Box 685003
Franklin, TN 37068-5003
1-800-662-6200

IDSP

Council of Better Business Auto Line
4200 Wilson Blvd, Suite 800
Arlington, VA 22203
1-800-955-5100

Council of Better Business Auto Line
4200 Wilson Blvd, Suite 800
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1-800-955-5100

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4200 Wilson Blvd, Suite 800
Arlington, VA 22203
1-800-955-5100

Manufacturer

Kia Motors America
P.O. Box 52410
Irvine, CA 92619-2410
1-800-333-4542

Lexus - Manufacturing
P.O. Box 2991
MD-L201
Torrance, CA 90509-2991

Mazda
Attn.: Customer Assistance Ctr.
P.O. Box 19734
Irvine, CA 92623-9734
1-800-222-5500

Mitsubishi Motors North America
P.O. Box 6014
Cypress, CA 90630-0014

Nissan North America, Inc.
Consumer Affairs (P-3-C)
P.O. Box 685003
Franklin, TN 37068-5003
1-800-647-7263

Suzuki American Motor Corp.
Auto Division
P.O. Box 1100
Brea, CA 92822-1100
1-800-934-0934

Toyota Motor Sales, USA
19001 S. Western Avenue
Mail Stop WC 11
1-800-331-4331
Torrance, CA 90501

IDSP

Council of Better Business Auto Line
4200 Wilson Blvd, Suite 800
Arlington, VA 22203
1-800-955-5100

NCDS
43230 Garfield, Suite 130
Clinton Township, MI 48038
1-800-936-4303

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The Independent Dispute Settlement Program (IDSP)

As a general rule, before the owner of a vehicle can file a suit to enforce his rights under the Lemon Law, the owner must seek a refund or replacement through the independent dispute settlement program. The owner has the unconditional right to choose a refund or replacement. The procedure is started by mailing the demand letter to the manufacturer. It is advisable to send a copy to the IDSP. A sample Lemon Law Demand Letter can be found on Pages 20-21 of this Guide.

You will be provided with application forms and instructions. Unless an extension is granted for good cause, your claim must be scheduled for a hearing, heard, and decided within forty (40) days after the time your demand is received. You are entitled to an in-person hearing in Arkansas before a panel of independent arbitrators. You are entitled to present testimony and documentary evidence. You may wish to hire an attorney to represent you at this hearing, but you are entitled to present your own case in an informal setting.

You may accept or reject the program's decision. If you accept, the manufacturer must also accept the decision and has thirty (30) days to comply. There is no appeal process for the manufacturer.

If you do not agree with the arbitrator's decision, you can reject it and consider going to court to assert your right to a replacement, refund, or other relief. If you go to court and win, you may be entitled also to an award of attorneys fees. You may have other causes of action or rights outside of the Lemon Law. It is good idea to consult an attorney regarding these options.

Getting Your Replacement or Refund

Replacement – If you choose replacement, and the original vehicle was financed by the manufacturer, its subsidiary or agent, the manufacturer must make sure that you are not required to enter into any new financing agreement that would place any financial obligations upon you beyond those of the original financing agreement. However, you must pay a “reasonable allowance for vehicle use”.

Refund for Purchased Vehicles - If you choose to receive a refund, you will receive the full purchase price of your original motor vehicle, minus a “reasonable allowance for vehicle use.”

The full refund includes, but is not limited to:

- credits and allowances for any trade-in vehicle,
- costs of any options and other modifications added by the manufacturer or its authorized dealer,
- costs of sales tax, license and registration fees, and finance charges,
- charges for renting a similar vehicle while the original vehicle was out of service because of the defect,
- charges for any extended warranty coverage that may have been provided by the manufacturer, its subsidiary or agent.

“The reasonable allowance for vehicle use” equals the purchase price multiplied by the mileage at the time the vehicle was first brought to the dealer or manufacturer for repair of the nonconformity divided by 120,000 miles. For example, the reasonable allowance for a \$20,000 vehicle with 12,000 miles at the time of the first repair attempt would be calculated as:

$$12,000 \text{ miles} \div 120,000 \text{ miles} = .1$$
$$\$20,000 \times .1 = \$2,000$$

In this example, the reasonable allowance for vehicle use is \$2,000.

You may also be charged for any physical damage the vehicle has sustained beyond normal wear and tear.

Refund for Leased Vehicles - If your vehicle is leased, you can receive a full refund for any leasing fees less a reasonable allowance for vehicle use. Under the Lemon Law, your lease agreement ends when you return the vehicle. You cannot be charged any penalties for ending the lease early.

Can the Manufacturer Re-sell or Re-Lease a “Lemon”?

Yes, but the dealer or leasing company must give the first consumer who buys such a vehicle a written notice stating that the vehicle was “returned to the manufacturer because of a nonconformity not cured within a reasonable time.”

The written notice is required whenever a manufacturer reacquires a vehicle any time after the original owner has commenced the Lemon Law process. Even so, if you are purchasing a used vehicle from a dealer, it is advisable to ask if it was repurchased by the manufacturer because it was involved in a Lemon Law dispute.

Sample Final Repair Attempt Letter to the Manufacturer

IMPORTANT: Send this letter by Certified Mail Return Receipt Requested

Your Name
Your Address
Your Telephone Number
Certified Mail Number _____

Name of Manufacturer
Manufacturers Address

Dear Sir or Madam:

I [purchased/leased] a [make, model, year of vehicle] on [date] from [name of dealership/name of individual] in [city, state]. Since the original delivery of the vehicle, it has been returned to the dealership a total of [number of times the vehicle was returned to an authorized dealer for repairs] times. My vehicle has been out of service for repairs for a total of [total number of calendar days the vehicle has been out of service being repaired] calendar days.

My vehicle has been in [authorized dealership] on the following dates for repair of the following defects:

[Date in/out] [List problems]

I am currently having the following problems with my vehicle:
[list all problems the vehicle currently has]

These nonconformities substantially impair my use, the market value or safety of my vehicle. I hereby notify you that I am allowing you one final opportunity to repair my vehicle. If repairs are not scheduled within ten (10) days of receipt of this letter or completed within ten (10) days from delivery of the vehicle to you for repair, I will seek a replacement vehicle acceptable to me or a refund calculated in accordance with the Arkansas Lemon Law.

I look forward to hearing from you soon. You can reach me during the day at [phone number] and in the evening at [phone number].

Sincerely,
[Your Name]

Sample Lemon Law Demand Letter to the Manufacturer

IMPORTANT: Send this letter by Certified Mail Return Receipt Requested

ALSO: Send a copy of this letter to the IDSP for this manufacturer

Your Name
Your Address
Your Telephone Number
Certified Mail Number _____

Name of Manufacturer
Manufacturers Address

Dear Sir or Madam:

I [purchased/leased] a [make, model, year of vehicle] on [date] from [name of dealership/name of individual] in [city, state]. Since the original delivery of the vehicle, it has been returned to the dealership a total of [number of times the vehicle was returned to an authorized dealer for repairs] times. My vehicle has been out of service for repairs for a total of [total number of calendar days the vehicle has been out of service being repaired] calendar days.

My vehicle has been in [authorized dealership] on the following dates for repair of the following defects:

[Date in/out] [List problems]

These nonconformities have substantially impaired my use, the market value or the safety of my vehicle.

[If applicable: I mailed you a notice providing you with a final repair attempt. You failed to contact me to schedule a repair attempt OR you contacted me to schedule a repair attempt, but did not repair the vehicle OR you attempted to repair the vehicle, but it has broken down again.]

[If applicable: Since the original delivery of the vehicle and during the quality assurance period the vehicle has been out of service due to nonconformities for more than 30 calendar days]

during the quality assurance period, the vehicle has been out of service due to non-conformities for more than 30 calendar days]

[If applicable: Since the original delivery of the vehicle and during the quality assurance period, the vehicle has been subject to five or more repair attempts for nonconformities which together have substantially impaired the use and value of the vehicle to me.]

My vehicle is a lemon under the Arkansas Lemon Law. I demand that my vehicle [be replaced/my purchase price be refunded] together with all other compensation to which I am entitled.

A copy of this notice is being sent to your Independent Dispute Settlement Program, [BBB Autoline/NCDS]. I request that my lemon law claim be resolved within forty (40) days of your receipt of this letter. If you do not immediately agree to my demand for relief, I request a hearing before the IDSP.

I look forward to hearing from you soon. You can reach me during the day at [phone number]

Sincerely,
[Your Name]

Further Help and Information

If you have questions or want more information on your rights under the Arkansas New Motor Vehicle Quality Assurance Act (The Lemon Law), call or write:

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